

**JUDICIAL EXPENSE FUND OF THE
TWENTY-FIRST JUDICIAL DISTRICT COURT
AMITE, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
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As of and For the Year Ended December 31, 2013

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May 8, 2014

Independent Auditor's Report

The Honorable Robert Morrison, Chief Judge
and Honorable Judges
Twenty-First Judicial District Court
Amite, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Judicial Expense Fund of the Twenty-First Judicial District Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

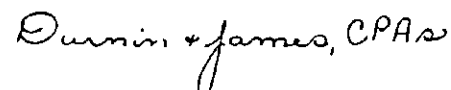
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 21 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2014, on our consideration of the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Durnin & James, CPAs". The signature is written in a cursive, flowing style.

Durnin & James, CPAs
(A Professional Corporation)

Basic Financial Statements

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Statement of Net Position
December 31, 2013

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 194,953
Investments	245,293
Receivables	32,676
Due from Other Governments	
(Net of Allowances for Uncollectible Accounts)	415,510
Restricted Cash and Cash Equivalents	55,349
Capital Assets, Net of Accumulated Depreciation (Note 6)	642
Total Assets	<u>\$ 944,423</u>
Liabilities	
Accounts Payable	\$ 56,069
Total Liabilities	<u>\$ 56,069</u>
Net Position	
Net Investment in Capital Assets	\$ 642
Restricted	55,585
Unrestricted	832,127
Total Net Position	<u>\$ 888,354</u>

The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Statement of Activities
For the Year Ended December 31, 2013

Exhibit B

	<u>Governmental Activities</u>
Expenses:	
District Court Activities:	
Salaries / Related Benefits	\$ 1,012,146
Operating Grant Expenses	1,087,531
Probation Office Expenses	330,434
Automobile	60,000
General Office Expenses	118,096
Insurance	12,644
Legal & Professional	27,053
Miscellaneous	4,440
Telephone	55,925
Travel, Training, & Meetings	40,038
Depreciation	<u>321</u>
Total Expenses	2,748,628
 Program Revenues:	
Charges for Services	1,589,098
Operating Grants	<u>948,066</u>
Total Program Revenues	<u>2,537,164</u>
 Net Program (Expense) / Revenue	(211,464)
 General Revenues:	
Criminal Court Reimbursement	192,000
Interest	196
Miscellaneous Income	<u>1,452</u>
Total General Revenues	<u>193,648</u>
 Change in Net Position	(17,816)
 Net Position - Beginning of the Year	<u>906,170</u>
Net Position - End of the Year	<u>\$ 888,354</u>

The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Governmental Funds – Balance Sheet
December 31, 2013

Exhibit C

	General Fund	Court Support Fund	Indigent Transcript Fund	Total
Assets				
Cash and Cash Equivalents	\$ 97,658	\$ 97,295	\$ -	\$ 194,953
Investments	245,293	-	-	245,293
Receivables	32,440	-	236	32,676
Due from Other Governments	35,770	379,740	-	415,510
Restricted Cash & Cash Equivalents	<u>-</u>	<u>-</u>	<u>\$ 55,349</u>	<u>55,349</u>
 Total Assets	 <u>\$ 411,161</u>	 <u>\$ 477,035</u>	 <u>\$ 55,585</u>	 <u>\$ 943,781</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	<u>\$ 15,967</u>	<u>\$ 40,102</u>	<u>\$ -</u>	<u>\$ 56,069</u>
Total Liabilities	15,967	40,102	-	56,069
 Fund Balances:				
Restricted for Indigent Transcripts	-	-	55,585	55,585
Assigned for General Usage	-	436,933	-	436,933
Unassigned	<u>395,194</u>	<u>-</u>	<u>-</u>	<u>395,194</u>
Total Fund Balances	<u>395,194</u>	<u>436,933</u>	<u>55,585</u>	<u>887,712</u>
 Total Liabilities and Fund Balances	 <u>\$ 411,161</u>	 <u>\$ 477,035</u>	 <u>\$ 55,585</u>	 <u>\$ 943,781</u>

The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
For the Year Ended December 31, 2013

Exhibit D

Total Fund Balances, Governmental Funds (Exhibit C)	\$	887,712
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation		<u>642</u>
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Net Position of Governmental Activities (Exhibit A)	\$	<u><u>888,354</u></u>
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The accompanying notes are an integral part of this statement.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Exhibit E

**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2013**

	General Fund	Court Support Fund	ITF Fund	Total
Revenues:				
Charges for Services	\$ 1,017,796	\$ 531,721	\$ 6,943	\$ 1,556,460
Federal Operating Grants	-	345,461	-	345,461
State Operating Grants	-	602,605	-	602,605
Other Supreme Court Income	-	32,638	-	32,638
Interest	85	111	-	196
Criminal Court Reimbursement	152,000	40,000	-	192,000
Miscellaneous Income	1,452	-	-	1,452
Total Revenues	1,171,333	1,552,536	6,943	2,730,812
Expenditures:				
Administrator's Contract	109,764	-	-	109,764
Salaries & Related Benefits	427,417	-	-	427,417
General Office Expenditures	110,091	8,005	-	118,096
Telephone	55,925	-	-	55,925
Travel, Training, & Meetings	26,070	13,968	-	40,038
Vehicle Expense	60,000	-	-	60,000
Insurance	12,644	-	-	12,644
Legal & Professional	13,803	13,250	-	27,053
Contracted Law Clerks	148,918	-	-	148,918
Court Reporters	33,470	67,976	3,086	104,532
Probation Office Expenditures	330,434	-	-	330,434
Cooperative Endeavor Agreement	2,430	-	-	2,430
Miscellaneous	1,127	100	-	1,227
Data Processing	-	526	-	526
Law Library, Books, & Cassettes	-	257	-	257
Hearing Officer	-	167,415	-	167,415
Stenographer, Public Defender, & Minute Clerk	-	54,100	-	54,100
FINS Program Expenditures	-	139,780	-	139,780
TASC Program Expenditures	-	166,899	-	166,899
Juvenile Drug Court	-	220,456	-	220,456
Adult Drug Court	-	560,396	-	560,396
Capital Outlay	-	-	-	-
Total Expenditures	1,332,093	1,413,128	3,086	2,748,307
Excess (Deficiency) of Revenues over Expenditures	(160,760)	139,408	3,857	(17,495)
Other Financing Sources / (Uses):				
Operating Transfers In / (Out)	120,000	(120,000)	-	-
Total Other Financing Sources / (Uses)	120,000	(120,000)	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(40,760)	19,408	3,857	(17,495)
Fund Balances - Beginning of the Year	435,954	417,525	51,728	905,207
Fund Balances - End of the Year	\$ 395,194	\$ 436,933	\$ 55,585	\$ 887,712

The accompanying notes are an integral part of this statement.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

Exhibit F

Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended December 31, 2013

Net Change in Fund Balances, Governmental Funds (Exhibit E)	\$	(17,495)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay		-
Depreciation Expense		<u>(321)</u>

Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>(17,816)</u>
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The accompanying notes are an integral part of this statement.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Notes To The Financial Statements
For the Year Ended December 31, 2013

Narrative Profile

The Judicial Expense Fund of the Twenty-First Judicial District Court (hereafter referred to as "District Court") was established by the provisions of Act No. 553 of 1980, Louisiana Revised Statute (LRS) 13:996.6. The statute provides for the collection of civil and criminal fees or costs in addition to all other fees or costs now or hereafter provided by law. The judges, en banc, of the District Court may pay each of their court reporters a salary from the Judicial Expense Fund. The judges, en banc, may further appoint such secretarial, clerical, research, administrative or other personnel, as they deem necessary to expedite the business and function of the court and pay all or any part of the salaries of such personnel out of the monies in the Judicial Expense Fund. In like manner, the judges may utilize the monies in the Judicial Expense Fund to pay all or any part of the cost of establishing and maintaining a law library for the court, or for buying and maintaining any type of equipment, supplies, or other items consistent with the proper administration and efficient operation of the court.

The accounting and reporting policies of the District Court conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of LRS 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

All Judges are independently elected officials. As the governing authority of the Parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the District Court's revenues are self-generated, the District Court is not fiscally dependent on the council. The District Court was determined not to be a component unit of the Tangipahoa Parish Council, the Parish financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District Court and do not present information on the Tangipahoa Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the Parish financial reporting entity.

B. Fund Accounting

The District Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Notes To The Financial Statements (Continued)
For the Year Ended December 31, 2013

Governmental Funds

Governmental funds account for all of the District Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District Court. The following are the District Court's governmental funds:

Judicial Expense Fund - the primary operating fund of the District Court, which accounts for all the operations of the District Court, except those required to be accounted for in other funds.

Special Revenue Funds (Court Support Fund and Indigent Transcript Fund) - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District Court as a whole. These statements include all the financial activities of the District Court with most of the interfund activities removed. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District Court does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

The amounts reflected in the Judicial Expense Fund, Court Support Fund, and Indigent Transcript Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2013

resources. This approach is then reconciled, through adjustment, to a government-wide view of the District Court's operations.

The amounts reflected in the Judicial Expense Fund, Court Support Fund, and Indigent Transcript Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Fees, grants, interest revenue, and other revenues are recorded when due. An exception to this rule is criminal probation supervision fees, which is recorded as revenue when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation - Explanation of differences between the governmental funds balance sheet and the government-wide statement of net position is presented in Exhibit D of the basic financial statements. Explanation of differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

D. Budgets And Budgetary Accounting

The District Court adopted operating budgets for the Judicial Expense Fund, Court Support Fund, and Indigent Transcript Fund for the fiscal year ended December 31, 2013. The budgets for these funds are adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP). The District Court follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Judicial Administrator prepares the proposed budgets and submits them to the Judges for their review no later than fifteen days prior to the beginning of each fiscal year.
2. A meeting is then held with the Judicial Administrator and the Judges to review the proposed budgets and formal adoption is made by majority vote of the Judges. The budgets for 2013 were adopted by the Judges on December 27, 2012.
3. Copies of the adopted budgets are kept on file for public inspection.
4. Budgetary amendments due to increases or decreases in revenues or expenditures over amounts estimated require majority vote of the Judges. The budgets were amended on November 20, 2013.

**Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana**

**Notes To The Financial Statements (Continued)
For the Year Ended December 31, 2013**

5. All budgetary appropriations lapse at the end of each year.
6. Formal budgetary integration is not employed.

The District Court did not report an unfavorable variance in expenditures over appropriations for the fiscal year ended December 31, 2013.

E. Cash, Cash Equivalents, and Investments

The District Court's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments for the District Court are reported at cost.

F. Inventory

Inventories for supplies are immaterial and are recorded as expenditures / expenses when purchased.

G. Prepaid Items

The District Court recognizes expenditures for services extending over more than one accounting period when paid. The District Court did not record any prepaid items at December 31, 2013.

H. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the District Court's capitalization threshold of \$1,000 is met. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

I. Pension Plans

The District Court is not a member of any retirement system, but is a member of the social security system. All full-time employees are carried on the payroll of other governmental units and are covered under their respective pension plans.

J. Compensated Absences

All full-time employees with less than 10 years of service earn ten (10) days of annual leave each year. All full-time employees with more than 10 years of service earn fifteen (15) days of annual leave each

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Notes To The Financial Statements (Continued)
For the Year Ended December 31, 2013

year. Unused annual leave is not accumulated. All full-time employees earn ten (10) days of sick leave each year. Unused sick leave is accumulated up to a maximum of 20 days.

At December 31, 2013, there were no employee leave benefits requiring recognition in accordance with GASB Statement No. 16. All full-time employees are carried on the payroll of other governmental units and are covered under their related pension plans.

K. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Funds in the Indigent Transcript Fund are considered to be restricted due to the enabling legislation establishing the fund.
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Judges (the District Court's highest level of decision-making authority).
4. Assigned fund balances are intended to be used by the District Court for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balances are the residual classification for the District Court's general fund and include all spendable amounts not contained in the other classifications.

The District Court's policy is to apply expenditures against nonspendable, restricted, committed, assigned, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of December 31, 2013, the District Court did not have any nonspendable or committed fund balances.

L. Restricted Net Position

GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows or Resources, and Net Position*, which provides guidance for reporting deferred outflows or resources, deferred inflows or resources, and net position in a statement of financial position and related

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Notes To The Financial Statements (Continued)
For the Year Ended December 31, 2013

disclosures. For the government-wide statement of net position, equity is classified and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – Consists of resources with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by (b) laws through constitutional provisions or enabling legislation.
3. Unrestricted – All other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District Court’s policy to use restricted resources first, then unrestricted resources as they are needed.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end. See Note 1-D regarding operating budgets. The District Court complied with the Local Government Budget Act in adopting and amending its budget for the year ended December 31, 2013.

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 regarding cash and cash equivalents, the District Court complied with the deposits and investments laws and regulations.

C. Deficit Fund Equity

As of December 31, 2013, the District Court had no funds with deficit fund equities.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2013

3. Cash and Cash Equivalents

As reflected on Exhibit A, the District Court has cash and cash equivalents totaling \$194,953 and investments totaling \$245,293 at December 31, 2013. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash and investments at December 31, 2013, with the related federal deposit insurance and pledge securities:

Bank Balances and Investments:

Insured (FDIC Insurance)	\$ 518,237
Collateralized:	
Collateral held by pledging bank's trust department not in the District Court's name	-
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 518,237</u>

Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District Court that the fiscal agent has failed to pay deposited funds upon demand. Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the District Court's deposits may not be returned to it. The District Court does not have a deposit policy for custodial risk. As of December 31, 2013, the District Court was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

4. Receivables

Accounts receivable as of December 31, 2013 consists of the following:

	Judicial Expense Fund	Court Support Fund	ITF Fund	Total
Civil Court Fees	\$ 2,420	\$ -	\$ 61	\$ 2,481
Criminal Court Fees	29,250	-	175	29,425
Other	770	-	-	770
Total Receivables	<u>\$ 32,440</u>	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ 32,676</u>

No allowance for uncollectible receivables is required at December 31, 2013.

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2013

5. Due From Other Governments

Amounts due from other governmental units at December 31, 2013 consisted of the following:

	<u>Judicial Expense Fund</u>	<u>Court Support Fund</u>	<u>ITF Fund</u>	<u>Total</u>
Support Enforcement	\$ -	\$ 45,411	\$ -	\$ 45,411
State of Louisiana:				
TASC Grant	-	28,601	-	28,601
Adult Drug Court	-	139,902	-	139,902
Juvenile Drug Court	-	53,831	-	53,831
Other	-	15,000	-	15,000
21st JDC Criminal Court Fund	<u>35,770</u>	<u>96,995</u>	<u>-</u>	<u>132,765</u>
Total	<u>\$ 35,770</u>	<u>\$ 379,740</u>	<u>\$ -</u>	<u>\$ 415,510</u>

No allowance for uncollectible receivables is required at December 31, 2013.

6. Capital Assets

Capital asset activity for the year ended December 31, 2013 is as follows:

<u>Description</u>	<u>Balance 01/01/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/13</u>
Total Capital Assets	\$ 137,657	\$ -	\$ -	\$ 137,657
Less: Accumulated Depreciation	<u>(136,694)</u>	<u>(321)</u>	<u>-</u>	<u>(137,015)</u>
Total Capital Assets, Net	<u>\$ 963</u>	<u>\$ (321)</u>	<u>\$ -</u>	<u>\$ 642</u>

Capital assets are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method of the estimated useful lives as follows:

Furniture	7 Years
Equipment	5 Years

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Notes To The Financial Statements (Continued)
For the Year Ended December 31, 2013

7. FINS Program

The Families in Need of Services Special Revenue Fund (FINS) is used to account for the receipt and disbursement of funds collected for reducing the number of children who enter the juvenile justice system or foster care system. The FINS Fund is included in the Court Support Special Revenue Fund. Selected data for the FINS Fund is as follows:

Revenues:

Intergovernmental Grant	\$ 58,917
Less: Portion of Grant Shared with the City of Hammond	<u>(8,880)</u>
Revenue Recognized	50,037
Expenditures	<u>139,780</u>
Excess of Expenditures over Revenues	<u>\$ 89,743</u>

The excess of expenditures over revenues was absorbed by other Special Revenue Fund revenues. No audit fees were paid using funds received for the FINS program.

8. Leases

The District Court records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 2013:

The District Court currently leases office space in Tangipahoa Parish on a monthly basis. The lease amounts are as follows: \$500 per month for the Probation Office, \$650 per month for the Drug Court, \$300 per month for the Hearing Office, and \$925 per month for the FINS / TASC office.

Since these leases may be terminated at any time, the District Court has no required future annual commitments under these leases.

9. Litigation

There is no litigation pending against the District Court at December 31, 2013.

10. Commitments and Contingencies

Act 20 of the 2011 Regular Session of the Louisiana Legislature authorized Livingston Parish to collect additional court filing fees needed to pay the revenue bond debt identified in the Loan Agreement by and between the Louisiana Local Governmental Environment Facilities and Community Development Authority and Parish of Livingston relating to \$17,865,000 Revenue Bond Series 2011 (Livingston Parish Courthouse Project) dated September 1, 2011. Anticipating a shortage of revenue generated by the collection of the additional filing costs to debt service the bonds, on February 28, 2012, the Livingston Parish Council, the Twenty-First Judicial District Court, the District Attorney of the Twenty-First Judicial District, the Sheriff for the Parish of Livingston and the Clerk of Court for the Parish of Livingston executed a Cooperative Endeavor Agreement whereby each party has agreed that they will contribute proportionally based on "private quarters" square footage used such funds as may be necessary to pay the bond indebtedness as it comes due, in the

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Notes To The Financial Statements (Continued)

For the Year Ended December 31, 2013

event of a shortfall, to avoid default on the bond obligations. The agreement shall remain in effect until the bond indebtedness is paid in accordance with the “bond documents.” In the event that the monthly filing fees authorized by Act 20 decrease below the monthly debt service amount required to pay the bonds, the District Court will be required to fund their proportionate share of the shortfall, and this amount could be material to the financial statements.

Required Supplemental Information:
Budgetary Comparison Schedules

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Budgetary Comparison Schedule (GAAP Basis) – Judicial Expense Fund
For the Year Ended December 31, 2013

Schedule 1

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Civil & Criminal Court Fees	\$ 308,500	\$ 362,500	\$ 367,486	\$ 4,986
Bond Forfeiture Rebates	134,000	135,000	138,615	3,615
Criminal Probation Supervision Fees	464,000	476,000	511,695	35,695
Interest Earned	3,000	1,000	85	(915)
Reimbursement from Criminal Court	160,500	160,000	152,000	(8,000)
Miscellaneous Income	-	119	1,452	1,333
Total Revenues	1,070,000	1,134,619	1,171,333	36,714
Expenditures:				
Administrator's Contract	106,900	110,900	109,764	1,136
Salaries & Related Benefits	419,200	426,830	427,417	(587)
General Office Expenditures	140,700	110,709	110,091	618
Telephone	57,800	57,875	55,925	1,950
Travel, Training, & Meetings	24,100	27,300	26,070	1,230
Vehicle Expense	64,800	60,800	60,000	800
Insurance	6,000	9,000	12,644	(3,644)
Legal & Professional	21,000	21,000	13,803	7,197
Contracted Law Clerks	45,800	144,000	148,918	(4,918)
Court Reporters	53,700	33,880	33,470	410
Probation Office Expenditures	322,050	330,945	330,434	511
Cooperative Endeavor Agreement	-	2,430	2,430	-
Miscellaneous	800	500	1,127	(627)
Capital Outlay	-	-	-	-
Total Expenditures	1,262,850	1,336,169	1,332,093	4,076
Excess (Deficiency) of Revenues over Expenditures	(192,850)	(201,550)	(160,760)	40,790
Other Financing Sources (Uses):				
Operating Transfers In	160,000	120,000	120,000	-
Total Other Financing Sources (Uses)	160,000	120,000	120,000	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(32,850)	(81,550)	(40,760)	40,790
Fund Balance - Beginning of the Year	435,954	435,954	435,954	-
Fund Balance - End of the Year	\$ 403,104	\$ 354,404	\$ 395,194	\$ 40,790

See auditor's report.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Budgetary Comparison Schedule (GAAP Basis) – Court Support Fund
For the Year Ended December 31, 2013

Schedule 2

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Support Enforcement Fees	\$ 510,000	\$ 510,000	\$ 520,731	\$ 10,731
Federal Grants	345,000	345,000	345,461	461
State Grants	669,768	609,768	602,605	(7,163)
Adult Drug Court Program Fees	15,000	15,000	10,990	(4,010)
Other Supreme Court Income	-	32,630	32,638	8
Interest Earned	100	100	111	11
Reimbursement from Criminal Court	30,000	30,000	40,000	10,000
Total Revenues	<u>1,569,868</u>	<u>1,542,498</u>	<u>1,552,536</u>	<u>10,038</u>
Expenditures:				
Court Reporters	62,000	69,018	67,976	1,042
General Office Expenditures	4,975	8,710	8,005	705
Travel, Training, & Meetings	8,625	15,035	13,968	1,067
Data Processing	-	550	526	24
Law Library, Books, & Cassettes	200	100	257	(157)
Legal & Professional	18,000	18,000	13,250	4,750
Hearing Officer	158,500	171,993	167,415	4,578
Stenographer, Public Defender, & Minute Clerk	53,800	53,800	54,100	(300)
FINS Program Expenditures	158,100	150,100	139,780	10,320
TASC Program Expenditures	207,748	207,748	166,899	40,849
Juvenile Drug Court	214,020	215,755	220,456	(4,701)
Adult Drug Court	559,500	568,000	560,396	7,604
Miscellaneous	-	100	100	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,445,468</u>	<u>1,478,909</u>	<u>1,413,128</u>	<u>65,781</u>
Excess (Deficiency) of Revenues over Expenditures	124,400	63,589	139,408	75,819
Other Financing Sources (Uses):				
Operating Transfers Out	(160,000)	(120,000)	(120,000)	-
Total Other Financing Sources (Uses)	(160,000)	(120,000)	(120,000)	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(35,600)	(56,411)	19,408	75,819
Fund Balance - Beginning of the Year	<u>417,525</u>	<u>417,525</u>	<u>417,525</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 381,925</u>	<u>\$ 361,114</u>	<u>\$ 436,933</u>	<u>\$ 75,819</u>

See auditor's report.

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
 Budgetary Comparison Schedule (GAAP Basis) – Indigent Transcript Fund
 For the Year Ended December 31, 2013

Schedule 3

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Civil & Criminal Court Fees	\$ 6,820	\$ 6,830	\$ 6,943	\$ 113
Total Revenues	6,820	6,830	6,943	113
Expenditures:				
Court Reporters	1,500	3,635	3,086	549
Total Expenditures	1,500	3,635	3,086	549
Excess (Deficiency) of Revenues over Expenditures	5,320	3,195	3,857	662
Fund Balance - Beginning of the Year	51,728	51,728	51,728	-
Fund Balance - End of the Year	\$ 57,048	\$ 54,923	\$ 55,585	\$ 662

See auditor's report.

**Other Independent Auditor's Reports and
Findings and Recommendations**

Durnin & James

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A PROFESSIONAL CORPORATION
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May 8, 2014

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

The Honorable Robert Morrison, Chief Judge
and Honorable Judges
Twenty-First Judicial District Court
Amite, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Judicial Expense Fund of the Twenty-First Judicial District Court, as of for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Judicial Expense Fund of the Twenty-First Judicial District Court's basic financial statements, and have issued our report thereon dated May 8, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Judicial Expense Fund of the Twenty-First Judicial District Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Judicial Expense Fund of the Twenty-First Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink that reads "Durnin & James, CPAs". The signature is written in a cursive, flowing style.

Durnin & James, CPAs
(A Professional Corporation)

Judicial Expense Fund of the Twenty-First Judicial District Court
Amite, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2013

Internal Control over Financial Reporting

None

Compliance

None

Judicial Expense Fund of the Twenty-First Judicial District Court

Amite, Louisiana

Summary Schedule of Prior Findings

For the Year Ended December 31, 2013

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>
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Internal Control over Financial Reporting

None

Compliance and Other Matters

None

Note: This schedule has been prepared by the management of the Judicial Expense Fund of the Twenty-First Judicial District Court.